



SENATE REPUBLICAN

POLICY COMMITTEE

## Legislative Notice

No. 28

September 5, 2007

# **H.R. 2764 – Department of State, Foreign Operations, and Related Programs Appropriations Bill, 2008**

Calendar No. 265

*On July 10, the Appropriations Committee reported H.R. 2764 with an amendment in the nature of a substitute, by a vote of 28-1; S. Rept. 110-128.*

### **Noteworthy**

- H.R. 2764 provides \$34.40 billion in total spending, of which \$34.24 billion is discretionary spending and \$158.9 million is mandatory spending. The committee recommendation is \$700.7 million below the Administration's request and \$2.73 billion below the FY07 enacted level. (The FY07 level included \$5.69 billion in emergency spending for the Global War on Terror.)
- H.R. 2764 provides \$5.09 billion (from all accounts in the Act) for HIV/AIDS, which is \$940.0 million above the Administration's request. Included in this amount is \$4.45 billion for the Global HIV/AIDS Initiative (GHI) account.
- H.R. 2764 provides \$1.20 billion for the Millennium Challenge Corporation, which is \$1.80 billion below the Administration's request and \$600.0 million above the FY08 enacted level.
- The White House Statement of Administration Policy (SAP) for the House version of H.R. 2764 included a veto threat for a general provision (Section 622) that permits contracts and grants for organizations regardless of whether they perform or actively promote abortion as a method of family planning, which is contrary to the Administration's Mexico City policy. This provision is included in the substitute amendment in the Senate version of H.R. 2764.
- On June 22, the House passed its version of H.R. 2764 by a vote of 241-178.

## Highlights

(amounts in billions)

(in billions)	<u>President's Request</u>	<u>Senate-reported Bill</u>
<b>Title I—Department of State</b>	\$ 10.72	\$ 10.68
<b>Title II—Export &amp; Investment Assistance</b>	-.11	-.12
<b>Title III—Bilateral Economic Assistance</b>	17.85	17.34
<b>Title IV—Military Assistance</b>	4.85	4.84
<b>Title V—Multilateral Economic Assistance</b>	1.79	1.66
<b>Title VI—General Provisions</b>	0.00	1.00
<b>TOTAL</b>	\$ 35.10	\$ 34.40

## Bill Provisions

### **Title I – Department of State and Related Agency**

Title I provides \$10.68 billion for the Department of State and Related Agencies, which is \$40.2 million below the Administration's request but \$23.9 million above the FY07 enacted level, excluding supplemental appropriations. Significant spending accounts include:

**Administration of Foreign Affairs:** Provides \$7.05 billion for the Administration of Foreign Affairs, which is \$263.9 million below the Administration's request and \$401.5 million below the FY07 enacted level. Included within this funding is: \$63.7 million for the **Capital Investment Fund**; \$35.5 million for the **Office of the Inspector General**; \$509.5 million for **Educational and Cultural Exchange Programs**; \$8.2 million for **Representation Allowances**; \$14.0 million for **Protection of Foreign Missions and Officials**; \$1.44 billion for **Embassy Security, Construction, and Maintenance**; \$9.0 million for **Emergencies in the Diplomatic and Consular Service**; \$16.4 million for **Payment to the American Institute in Taiwan**; and \$158.9 million for **Payment to the Foreign Service Retirement and Disability Fund**.

**International Organizations and Conferences:** Provides \$2.73 billion for International Organizations and Conferences, which is \$265.0 million above the Administration's request and \$106.8 million above the FY07 enacted level. Included within this funding is \$1.35 billion for **International Peacekeeping Activities**.

**International Commissions:** Provides \$66.6 million for International Commissions, which is \$23.6 million above the Administration's request and \$90.6 million above the FY07 enacted level.

**Payment to the Asia Foundation:** Provides \$16.0 million for Payment to the Asia Foundation, which is \$6.0 million above the Administration's request and \$2.2 million above the FY07 enacted level.

**International Center for Middle Eastern-Western Dialogue:** Provides \$875,000 for the International Center for Middle Eastern-Western Dialogue, which is equal to the Administration's request and \$125,000 above the FY07 enacted level.

**East-West Center:** Provides \$20.0 million for the East-West Center, which is \$10.0 million above the Administration's request and \$1.0 million above the FY07 enacted level.

**National Endowment for Democracy (NED):** Does not provide funds for administrative expenses of the NED, which is \$80.0 million below the Administration's request and \$74.0 million below the FY07 enacted level.

**United States Institute of Peace (USIP):** Provides \$25.0 million for USIP, which is \$5.0 million below the Administration's request, but \$2.9 million below the FY07 enacted level.

**Broadcasting Board of Governors:** Provides \$673.5 million for the Broadcasting Board of Governors, which is \$5.3 million above the Administration's request and \$16.7 million above the FY07 enacted level. Included within this funding is \$662.7 million for **International Broadcasting Operations**. There is no funding for **Broadcasting to Cuba**.

## **Title II – Export and Investment Assistance**

Title II provides a net amount of -\$117.1 million for Export and Investment Assistance, which is \$9.0 million below the Administration's request, but \$26.3 million above the FY07 enacted level, excluding supplemental appropriations. Significant spending accounts include:

**Export-Import Bank of the United States:** Provides a net of \$1.0 million for the Export-Import Bank of the United States, which is equal to the Administration's request, but \$53.8 million below the FY07 enacted level. Included in this amount is -\$146.0 million from offsetting collections.

**Overseas Private Investment Corporation:** Provides a net of -\$168.5 million for the Overseas Private Investment Corporation, which is \$9.0 million below the

Administration's request, but \$27.6 million above the FY07 enacted level. Included in this amount is -\$237.0 million from insurance fees and other offsetting collections.

**Trade and Development Agency:** Provides \$50.4 million for the Trade and Development Agency, which is equal to the Administration's request, but \$9,000 above the FY07 enacted level.

### **Title III – Bilateral Economic Assistance**

Title III provides \$17.24 billion for Bilateral Economic Assistance, which is \$616.4 million below the Administration's request, but \$1.61 billion above the FY07 enacted level, excluding supplemental appropriations. Significant spending accounts include:

**Global Health Programs:** Provides \$6.53 billion for Global Health Programs, which supports health programs and activities abroad, including those combating HIV/AIDS. The Committee consolidates all funding contained in the Administration's request for global health programs, development assistance, and other USAID expenses.

- **Child Survival and Maternal Health:** Provides \$476.5 million for child survival and maternal health activities, which is \$104.4 million above the Administration's request.
- **Family Planning/Reproductive Health:** Provides \$461.1 million for family planning and reproductive health programs, which is \$136.3 million above the Administration's request.
- **HIV/AIDS:** Provides \$5.05 billion for programs and activities to combat HIV/AIDS which is \$550.0 million above the Administration request.
- **Other Infectious Diseases:** Provides \$634.7 million for infectious diseases other than HIV/AIDS, which is \$51.3 million above the Administration's request. Included in this amount is \$357.5 million for programs to combat malaria.
- **Vulnerable Children:** Provides \$15.0 million for vulnerable children, which is \$11.0 million above the Administration's request.

**United States Agency for International Development (USAID) Development Assistance:** Provides \$1.46 billion for Development Assistance, which is \$413.8 million above the Administration's request, but \$53.8 million below the FY07 enacted level—these funds consist of a wide range of poverty-reduction and long-term development activities.

**United States Agency for International Development (USAID) International Disaster Assistance:** Provides \$322.4 million for disaster assistance, which is \$25.1

million above the Administration's request, but \$39.0 million below the FY07 enacted level.

**Transition Initiatives:** Provides \$50.0 million for Transition Initiatives, which is \$12.8 million above the Administration's request and \$10.4 million above the FY07 enacted level. These funds help bridge the gap between emergency relief and long-term development programs.

**Payment to the Foreign Service Retirement and Disability Fund:** Does not provide funds for the Payment to the Foreign Service Retirement Disability Fund, which is \$36.4 million below the Administration's request and \$38.7 million below the FY07 enacted level.

**Economic Support Fund:** Provides \$3.02 billion for the Economic Support Fund, which is \$304.6 million below the Administration's request and \$2.06 billion below the FY07 enacted level.

Included in this funding are earmarks for the following countries: **West Bank/Gaza** (\$75.0 million, which is \$11.5 million above the Administration's request); **Egypt** (\$415.0 million, which is equal to the Administration's request); and **Jordan** (\$363.5 million, which is \$100.0 million above the Administration's request).

**Assistance for Eastern Europe and the Baltic States:** Provides \$294.6 million for Assistance for Eastern Europe and the Baltic States, which is \$5.2 million above the Administration's request and \$20.7 million above the FY07 enacted level.

Included in this funding are earmarks for the following countries: **Albania** (\$17.2 million); **Bosnia and Herzegovina** (\$27.4 million); **Kosovo** (\$151.2 million); **Macedonia** (\$18.9 million); **Serbia** (\$53.3 million); **Montenegro** (\$8.0 million); and \$18.5 million for **Regional Assistance**.

**Assistance for the Independent States of the Former Soviet Union:** Provides \$401.9 million for Assistance for the Independent States of the Former Soviet Union, which is \$50.3 million above the Administration's request, but \$50.1 million below the FY07 enacted level.

Included in this funding are earmarks for the following countries: **Armenia** (\$39.0 million); **Azerbaijan** (\$22.0 million); **Belarus** (\$11.0 million); **Georgia** (\$55.5 million); **Kazakhstan** (\$15.4 million); **Kyrgyz Republic** (\$26.5 million); **Moldova** (\$15.3 million); **Russia** (\$74.0 million); **Tajikistan** (\$26.8 million); **Turkmenistan** (\$8.0 million); **Ukraine** (\$72.0 million); and **Uzbekistan** (\$8.5 million).

**Inter-American Foundation:** Provides \$22.0 million for the Inter-American Foundation, which is \$3.0 million above the Administration's request and \$2.7 million above the FY07 enacted level.

**African Development Foundation:** Provides \$30.0 million for the African Development Foundation, which is equal to the Administration's request and \$7.2 million above the FY07 enacted level.

**Peace Corps:** Provides \$323.5 million for the Peace Corps, which is \$10.0 million below the Administration's request, but \$3.7 million above the FY07 enacted level.

**Millennium Challenge Corporation (MCC):** Provides \$1.20 billion for the MCC, which is \$1.80 billion below the Administration's request and \$552.3 million below the FY07 enacted level.

**Democracy Fund:** Provides \$177.0 million for the Democracy Fund, which is \$177.0 million above the Administration's request and \$83.0 million above the FY07 enacted level.

**International Narcotics Control and Law Enforcement:** Provides \$558.4 million for International Narcotics Control and Law Enforcement, which is \$76.2 million below the Administration's request, but \$85.8 million above the FY07 enacted level.

**Andean Counterdrug Initiative:** Provides \$415.1 million for the Andean Counterdrug Initiative, which is \$27.8 million below the Administration's request and \$306.5 million below the FY07 enacted level.

**Migration and Refugee Assistance:** Provides \$889.0 million for Migration and Refugee Assistance, which is \$115.5 million above the Administration's request and \$56.0 million above the FY07 enacted level.

**United States Emergency Refugee and Migration Assistance Fund:** Provides \$45.0 million for the United States Emergency Refugee and Migration Assistance Fund, which is \$10.0 million below the Administration's request and \$10.0 million below the FY07 enacted level.

**Nonproliferation, Anti-Terrorism, Demining and Related Programs:** Provides \$499.0 million for Nonproliferation, Anti-Terrorism, Demining and Related Programs, which is \$35.0 million above the Administration's request, but \$32.0 million below the FY07 enacted level.

**Debt Restructuring (Department of Treasury):** Provide \$200.3 million for debt restructuring, which is \$7.0 million below the Administration's request and \$136.0 million above the FY07 enacted level. Included in this funding is \$20.0 million for the Tropical Forest Conservation Act.

## **Title IV – Military Assistance**

Title IV provides nearly \$4.94 billion for military assistance, which is \$91.4 million above the Administration's request and \$78.2 million above the FY07 enacted level, excluding supplemental appropriations.

**International Military Education and Training:** Provides \$85.9 million for International Military Education Training, which is \$3.6 million below the Administration's request, but equal to the FY07 enacted level.

**Foreign Military Financing:** Provides \$4.58 billion for Foreign Military Financing, which is \$43.0 million above the Administration's request, but \$236.8 million below the FY08 enacted level. **Included in this amount is funding for the following allies in the Global War on Terror: Israel (\$2.40 billion) and Egypt (\$1.30 billion).**

**Peacekeeping Operations:** Provides \$273.2 million for peacekeeping operations, which is \$52.0 million above the Administration's request and \$52.0 million above the FY07 enacted level.

## **Title V – Multilateral Economic Assistance**

Title V provides \$1.66 billion for Multilateral Economic Assistance, which is \$127.5 million below the Administration's request, but \$61.4 million above the FY07 enacted level.

**International Financial Institutions:** Provides \$1.35 billion for International Financial Institutions, which is \$152.1 million below the Administration's request, but \$73.7 million above the FY07 enacted level. Among the recipients of these funds are the following: the International Development Association, the Global Environment Facility, the Inter-American Development Bank's Multilateral Investment Fund, the Asian Development Fund, the African Development Bank and Fund, the European Bank for Reconstruction and Development, and the International Fund for Agriculture Development.

- **Global Environment Facility:** Provides \$106.8 million for the International Bank for Reconstruction and Development Global Environment Facility, which is equal to the Administration's request and \$27.6 million above the FY07 enacted level.
- **International Development Association:** Provides \$1.00 billion for the International Development Association, which is \$60.0 million below the Administration's request, but \$59.5 million above the FY07 enacted level.
- **Enterprise for the Americans Multilateral Investment Fund:** Provides \$25.0 million for the Enterprise for the Americans Multilateral Investment Fund, which is

\$4.2 million below the Administration's request, but \$23.3 million above the FY07 enacted level.

- **Asian Development Fund:** Provides \$90.0 million for the Asian Development Fund, which is \$43.9 million below the Administration's request and \$9.0 million below the FY07 enacted level.
- **African Development Bank:** Provides \$2.0 million for the African Development Bank, which is equal to the Administration's request, but \$1.6 million below the FY07 enacted level.
- **African Development Fund:** Provides \$105.0 million for the African Development Fund, which is \$35.6 million below the Administration's request and \$29.3 million below the FY07 enacted level.
- **International Fund for Agricultural Development:** Provides \$18.0 million for the International Fund for Agricultural Development, which is equal to the Administration's request and \$3.2 million above the FY08 enacted level.

**International Organizations and Programs:** Provides \$313.9 million for International Organizations and Programs, which is \$24.5 million above the Administration's request, but \$12.2 million below the FY08 enacted level.

## **Title VI – General Provisions**

Title VI contains a number of specific policy issues. Some of the highlights include:

### ***Prohibitions***

- Section 606(a) prohibits the use of funds to assist a foreign country unless that country exempts United States assistance from taxation.
- Section 607 prohibits the use of funds to finance directly any assistance or reparations to **Cuba, North Korea, Iran, or Syria**. Libya, which was previously on this list, has been removed.
- Section 608 prohibits the use of funds for any government of a country whose duly-elected head of government is deposed by decree or **military coup**.
- Section 617(e) sets restrictions on 60 percent of the funds for the Government of the Russian Federation unless the President provides proper certification. The certification must state that the Government of the Russian Federation has terminated implementation of arrangements to Iran and Burma with information related to the development of nuclear reactors or nuclear research programs.



- Section 622 permits contracts and grants for organizations regardless of whether they perform or actively promote abortion as a method of family planning.
- Section 626 prohibits any funds being made available to any country that the President determines grants sanctuary from prosecution to any individual or group that has committed an act of international terrorism, or otherwise supports international **terrorism**.
- Section 632 prohibits any funds from being used to provide a financial incentive to a U.S. business should the number of **employees in the U.S.** be reduced because production is being moved outside the U.S.
- Section 642 prohibits assistance to foreign governments that export lethal military equipment to countries supporting international **terrorism**.
- Sections 650 prohibits any funds from being obligated for the **Palestine Liberation Organization** for the West Bank and Gaza unless the President and Secretary of State provide proper certifications.

#### *General*

- Section 610 provides if the President determines it is in the national interest, **Israel**, **Egypt**, **NATO**, and **major non-NATO allies** may finance the lease of defense articles from U.S. commercial suppliers (not including Major Defense Equipment).
- Section 623 provides that not less than \$1.06 billion be made available for humanitarian and reconstruction assistance for **Afghanistan**.
- Section 635 states the sense of Congress that the **Arab League boycott of Israel** and the secondary boycott of American firms that have commercial ties with Israel are impediments to peace in the region and to U.S. investment and trade in the Middle East and North Africa.
- Section 638 provides that not less than \$11.0 million be available to support democracy activities in **Burma**.
- Section 696 provides that \$5 million be available to the Department of State to establish cooperation with **Cuba** concerning counter-narcotics matters.
- Section 661 permits funds to be available to **Serbia** if the President certifies that Serbia and Montenegro are cooperating with the International Criminal Tribunal for the former Yugoslavia.
- Section 663 allows the President to forgive **foreign debt** owed to the United States, provided certain conditions are met.

### *Notification*

- Section 620 prohibits funds being obligated to **Liberia, Serbia, Sudan, Zimbabwe, Pakistan, or Cambodia** except as provided through regular notification procedures of the Appropriations Committee.

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## **Administration Position**

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A Statement of Administration Policy (SAP) on the bill, as reported by the Senate Appropriations Committee, was not available at press time.

The White House Statement of Administration Policy (SAP) for the House-version of H.R. 2764 included a veto threat for a general provision (Section 622) that permits contracts and grants for organizations regardless of whether they perform or actively promote abortion as a method of family planning, and is contrary to the Administration's Mexico City policy. This provision is included in the substitute amendment in the Senate-version of H.R. 2764.

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## **Cost**

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H.R. 2764 would result in the following outlays:

<b>FY 2008</b>	<b>\$17.270 billion<sup>1</sup></b>
<b>FY 2009</b>	<b>\$9.128 billion</b>
<b>FY 2010</b>	<b>\$3.463 billion</b>
<b>FY 2011</b>	<b>\$2.103 billion</b>
<b>FY 2012</b>	<b>\$2.137 billion</b>
(and future years)	

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## **Possible Amendments**

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A number of amendments are expected.

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<sup>1</sup> Excludes outlays from prior-year budget authority.